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EXAMINER

ZURITA, JAMES H

ART UNIT	PAPER NUMBER
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3625

DATE MAILED: 01/02/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/624,732

Applicant(s)

SULLIVAN, GERARD P.

Examiner

James H Zurita

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 30 June 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 8,10,11,13-35,37-40 and 42-47 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 8,10,11,13-35,37-40 and 42-47 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. §§ 119 and 120

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
* See the attached detailed Office action for a list of the certified copies not received.
- 13) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application) since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.
a) ☐ The translation of the foreign language provisional application has been received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121 since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892) 4) ☒ Interview Summary (PTO-413) Paper No(s). 18.
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) ☐ Notice of Informal Patent Application (PTO-152)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 17. 6) ☐ Other: _____

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application. Applicant's submission filed on 30 June 2003 has been entered.

Response to Amendment

By Amendment B of 30 June 2003, paper #15, applicant (a) amended claims 28, 32, 33, 34, 37, 40, 42, 43 and 47.

By a supplemental amendment of 12 December 2003, applicant cancelled claims 10, 11, 28-34, 36, 44-46.

By a supplemental amendment of 16 December 2003, applicant (a) cancelled claims 2-7, 36 and 41;(b) amended claims 35, 40; (b) reinstated claims 10, 11, 28-34 and 44-46.

This Office Action is a response to the above amendments.

Claims 8, 10-11, 13-35, 37-40, 42-47 are pending and will be examined.

Claim Objections

The claims are objected to because they contain numerous informalities. Applicant is encouraged to review his claims for these and other errors. For example:

Claim 8 still depends on claim 7, which was cancelled on 16 December 2003. Claim 8 appears to depend on claim 40, which was amended to include limitations of claim 7.

Claims 31-34 refer to "...selected one industry group..." For purposes of this examination, the term "selected" will be interpreted to mean the industry group currently being processed, since applicant does not disclose *selecting* an industry group.

Claim 14 refers to "...limiting the security allocation..." which is not found in parent claims 46 and 44. All other claims refer to "...amount of industry [group] allocation..."

Claim 21 refers to "...said one part..." and it lacks antecedent basis, since it is not clear whether it refers to first part or second part.

Claim 18 depends from claim 16, which does not include a proportion, although claim 17 includes a proportion. It appears that claim 18 should depend from claim 17.

Claim 24 appears to be missing an *if*, and appears to have an extra *and*, since the claim would otherwise be unreadable: "24. The method of claim 23, wherein *if* said second limit is greater than said first limit, *[and]* there is further included the step of comparing said industry allocation to said first limit and, if greater, setting said first part equal to said set amount and allocating said first part to a first security of said one industry group."

Claim 27 refers to "...*investing* said ...part to a...security of said ...industry group." All other claims refer to "...*allocating* said ...part to a ...security of said

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...industry group.” This appears to be an error, since there appear to be no patentable distinction between the terms “...investing...” and “...allocating...”

Claims 30, 31, 40, 44, 15, 47, 17 refer to “universe total” while other claims (e.g., claim 34) refer to “amount of universe total.” There appear to be no patentable distinction between the terms. Since the claims all refer to the same item, i.e., an amount for a universe total, expressed in money, the Examiner respectfully recommends changing all claims to refer to “amount of universe total” to avoid confusion.

Claim 43 reads “...allocating said allocation...”, while parent claim 42 refers to “...allocating an industry allocation...” Claims 42 and 43 appear to refer to “...allocating [the same] industry allocation...” and will be so interpreted.

Correction is required.

Claim Rejections - 35 USC § 112 – First paragraph

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claims 13, 14, 16, 17, 19, 20 23-27, 29, 35, 37, 38, 39, 40 and 47 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.

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Claims 13, 20, 29, 35, 38 and 39 refer to **magnitude**. This term impermissibly widens the scope of the claim beyond Applicant's original disclosures, which specifically refer to magnitude of data elements, a money amount. Other types of comparisons, such as number of shares, would extend the scope of the claimed subject matter. For purposes of this examination, the Examiner will interpret references to magnitude to include only money amounts.

Claims 14, 47, 16, 17, 19, 23-27 refer to **set amount**. As originally filed, **set amount** was specifically defined as a derived value, calculated as a proportion of a fund total. Applicant's amendments purport to interpret the term to include aspects of

... dividing of the industry allocation into two parts, comparing one of the parts to a set amount, and if the one part is greater than the other, setting the one part equal to the set amount. [Amendment of 12/16/03]

Sixth, ... those references [do not] disclose the **recitations** of independent claim 46, which recites step c) of "dividing selectively an industry allocation into at least first and second parts thereof"; step (d) of "allocating said first and second parts selectively among two of said corresponding securities of said one industry group having the largest data elements", and step e) of "comparing said first part to said set amount and, if less than or equal to said set amount, said first part is set equal to said set amount", which is not taught by either of these references. [Amendment of 06/30/03]

Claim 40 refers to updating a data element. Applicant's disclosures do not describe how to update a data element in an input file such as Value Line's. Further, the original disclosures refer to **updating a population of securities on a periodic cycle**. Per applicant's admission, this is old and well known and done regularly by Value Line and Standard and Poors and Bloomberg. For example:

In a further aspect of this invention, at least some of the population of securities is **updated** on a periodic **cycle**. Further, the plurality of securities are subdivided into a plurality of editions, wherein each edition is **updated** on a **cycle** that is staggered from the **cycles** of the other editions. Disclosures, page 2, lines 16-19, emphasis added.

Step 10 uses the universe "**update cycle**" to determine how often changes are made to a given industry. An **update cycle** is the frequency to which the universe is modified by the publisher. Value Line changes their industry compositions every 3 months (1 quarter) and

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the **cycle** is set to 1 quarter. Standard and Poors and Bloomberg have different **update cycles** so step 10 would be different for these universes. In establishing this example universe of stocks, the invention also adjusts the Industry category of "Banks" to include "Banks Midwest" so as to unify the banking Industry analysis. Step 12 sorts the companies into the editions (weekly **updates**, numbering 13) found in Value Line which allows for an organized presentation of data from this data processing system. Step 14 highlights the **update cycle** found in the universe and this illustrative example describes the weekly **update** found in Value Line's quarterly **update cycle**. Industries and companies are included in this invention only for the periods during which they are published in the chosen universe by step 12. Disclosures, page 4, line 26-page 5, line 7, emphasis added.

Claim 37 refers to "...*allocating* the industry allocation of the one industry group among a first number of securities of the one industry group..." and "...*allocating* the industry allocation of the one industry group among a second number of securities of the one industry group, the second number being greater than the first number..." Applicant does not describe allocating an industry group allocation to a set of securities based on the number of securities in a set or subset of securities.

Claim Rejections - 35 USC § 112 – Second Paragraph

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claims 30, 38, 40, 42, 44 and 47 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 30, 40, 42, 44, 47 appear to have two independent parts. For example:

Claim 30 is directed to a method whose first two steps are assigning and summing to derive certain values that are not further used in the claim. The remaining step allocates an amount without reference to the first two steps.

Claim 40 is directed to a method whose first two steps are assigning and summing to derive certain values that are not further used in the claim. As allocation step allocates an amount without reference to the first two steps. The remaining steps of assigning, accessing and updating are similarly disconnected from the first two steps.

Claim 42 contains steps that are similarly disconnected, in that the steps of assigning and summing, which produce values not otherwise mentioned in the claim, may be executed independently of the steps of determining and allocating.

Claim 43 compares data elements of two securities in an industry group and allocates an industry allocation to a single security according to the results of the comparison. However, the claim language is contradictory in its use of ‘...only to said one and said other securities with the greater data element...”

Claim 44 omits the step of assigning, but the summing step derives values that are not otherwise mentioned in the claim. The selecting step may be executed without reference to the summing step.

Claim 47 also contains the steps of assigning and summing, which produce derived values that are not otherwise mentioned in the claim. The steps may be executed independently of remaining steps of dividing, allocating, comparing.

In claims 32, 33 and 34, the term “dependent” is a relative term that renders the claim indefinite. This rejection is maintained. The term “dependent” is not defined by

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the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention. The indefinite nature of these claims is highlighted by applicant's disclosures:

This invention has the same goal as these proprietary models (to be differentiated from actively managed funds by association to a discipline), yet this invention attempts to use a rigid and unique methodology to achieve the creation of understandably allocated portfolios. Disclosures, page 1, lines 26-29.

Since applicant calculates investment allocation by various products, ranges, proportions, percentages, number of securities and industries, these claims are indefinite in that applicant has failed to disclose how the dependence is measured.

For purposes of this examination, the Examiner will give the term "dependent" its broadest reasonable interpretation to mean "determined or conditioned by another."¹

In Claims 35 and 37 the use of the term "number" renders the claims indefinite. The use of the term is inconsistent with the disclosure and how the term is used in other claims. In the disclosure and other claims (such as 24, 26, 27, 36 and 38), the term "greater than" is used when comparing amounts and derived totals with a declared first or second limit, such as "greater than said limit" and "greater than said first limit" and "greater than said second limit." As used in claims 35 and 37, it is unclear whether the term refers to a count of how many securities are in a set or subset or whether the term refers to a sorting function of a set where security numbers are being compared.

Claim 38 recites summing of a **value** but fails to state which value is being summed. This appears to be a word processing error, since summing functions in other

¹ Definition of dependent, MERRIAM WEBSTER Collegiate Dictionary.

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claims refer to summing one of a number of data elements for each security. Summing a “value” renders the claim indefinite, since the disclosures use the term value to refer to VALUE LINE® and to the percentage value in one of upper and lower ranges of an investment percentage. For purposes of this examination, examiner will interpret these claims to reflect this correction. Applicant argues that one skilled in the financial arts would recognize in the context of claim 38 that the term *value* has a monetary meaning. In view of applicant’s comments, the term value will be interpreted as monetary values.

Claim 38 is indefinite in that the claim does not provide for cases where the industry total = first limit.

Claim 39 is indefinite in that the claim does not provide for cases where the industry total =< second limit.

Claim 39 is indefinite in that the claim does not properly identifying the various uses of “magnitude.” The claim recites *...allocating* the industry allocation of the one industry group to at least three securities the magnitude of the second limit being set to a [third limit?] magnitude equal to twice the given [first limit? Second limit? Third limit? Other limit?] magnitude, whereby the industry allocation to any security of the one industry group may not exceed the given magnitude [first limit? Second limit? Third limit? Other limit?].

Claim 40, in addition, refers to “...updating on a periodic cycle the data elements of at least some of said securities of said population...” However, the data elements are selected from common shareholder equity, market capitalization, net income, net

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revenue, net earnings and total assets. To carry out proper calculations, the same data element must be present in each run of the securities.

Claim 40, in addition, recites, in part,

e) accessing a real time source of the current value of said data element of each security of said population and updating at selected times the values of said data elements of said securities of said population; ...

The Examiner respectfully notes that applicant's disclosures and claims relate to batch processing of an input file, rather than real time processing. Similarly, Applicant does not update any fields on the input file.

Claim 40, in addition, refers to several pluralities, including plurality of industry groups, plurality of securities, plurality of editions. However, part (e) renders the claim indefinite as follows: "... (e) ... to accurately account for those securities which has [sic] changed their industry said plurality of securities are subdivided into a plurality of editions, each edition of said plurality [*Of securities? Of editions? Of industry groups?*] is reassigned on a cycle that is staggered from the cycles of the other editions of said plurality [*Of securities? Of editions? Of industry groups?*]. For purposes of this examination, the Examiner will interpret the cited text to refer to "...said plurality of editions..."

Claim Rejections - 35 USC § 101

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claims 8, 10-11, 13-35, 37-40, 42-47 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

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The Examiner has fully and carefully considered each and every argument presented by Applicant concerning the rejection under 35 USC § 101. Applicant's arguments are not persuasive. For example, Applicant argues

Applicant respectfully asserts that the mere conclusionary statement that Applicant's claims "have no connection to the technological arts" falls short of the obligation imposed on the Examiner and the USPTO to construct a record of facts and finding and to cite authority for its holdings. In this instance, the Examiner has not commented on the subject matter recited by Applicant's claims, much less cite authority for his holdings. The **determinative test** for whether the subject matter of the above listed claims is statutory or not **is whether the claimed invention is applied to a practical application**. In re Alappat, 31 USPQ2d 1545 (Fed. Cir. 1994); State Street Bank and Trust Co. v. Signature Financial Group, Inc., 47 USPQ2d 1596 (Fed. Cir. 1998); and AT&T v. Excel 50 USPQ2d 1447 (Fed. Cir. 1999). In particular, the Examiner has failed to discuss any of these three decisions of the Federal Circuit [Amdt. B, page 7, emphasis added]

Applicant fails to cite specific support for his statement that "...**determinative test ... is whether the claimed invention is applied to a practical application.**" The Examiner also respectfully notes that Applicant has not provided any arguments based on *In re Alappat* and *AT&T v. Excel*.

Applicant's reliance on *State Street* is flawed. The Examiner respectfully submits that following quotes from *State Street* are relevant (*State Street* at 1602, emphasis added). Please note the Court's reliance on "...**by a machine...constituted a practical application of [an abstract idea]...**" which is absent from Applicant's claims.

In *Alappat*, we held that data, transformed **by a machine** through a series of mathematical calculations to produce a smooth waveform display on a rasterizer monitor, constituted a **practical application of an abstract idea** (a mathematical algorithm, formula, or calculation), because it produced "a useful, concrete and tangible result"--the smooth waveform.

Similarly, in *Arrhythmia Research Technology Inc. v. Corazonix Corp.* 958 F.2d 1053, 22 USPQ2d 1033 (Fed. Cir. 1992), we held that the transformation of electrocardiograph signals from a patient's heartbeat **by a machine** through a series of mathematical calculations constituted a **practical application of an abstract idea** (a mathematical algorithm, formula, or calculation), because it corresponded to a useful, concrete or tangible thing -- the condition of a patient's heart.

[2] Today, we hold that the **transformation of data**, representing discrete dollar amounts, **by a machine** through a series of mathematical calculations into a final share price, constitutes a **practical application** of a mathematical algorithm, formula, or calculation, because it produces "a useful, concrete and tangible result"--a final share price momentarily fixed for recording and

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reporting purposes and even accepted and relied upon by regulatory authorities and in subsequent trades. (*State Street* at 1602, emphasis added. Applicant relies exclusively on this last paragraph).

Applicant comment that "...the Examiner has not commented on the subject matter recited by Applicant's claims..." is incorrect. See, for example,

Claims 2-8, 10-11, 13-20 and 22-47 are rejected under 35 U.S.C. 101 because the claims have no connection to **the technological arts** and are directed to non-statutory subject matter. While the term **data element** [Ex. Note: in applicant's claims] may be used to infer that the information is being provided using some type of electronic communication medium, the information could also be provided using a vocal medium (i.e. spoken) and is, therefore, directed to non-statutory subject matter.

The invention as recited in the [Ex. Note: Applicant's] claims is merely an abstract idea that is not within the technological arts. Mere **ideas in the abstract** (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the **physical sciences** as opposed to social sciences, for example) and therefore are found to be non-statutory matter. The mere recitation in the preamble or mere suggestion in the claim that a machine is performing some or all of the steps in the method is **not enough** to place the claimed invention in the technological arts. The body of the claims must unambiguously recite that a **machine/apparatus** is performing the step(s) and/or integrally involved in the process.

To overcome this rejection, the Examiner recommends that the Applicant amend the claim to clarify that the methods are using a medium within the technological arts, such as replacing "data element" with "an electronic data element" or a specific medium such as the Internet, computer network, etc. (previous Office Action, pages 14, 15, notes and emphasis added)

Applicant argues similarities between his invention and the invention disclosed by the patent in question in *State Street* [US Patent 5,193,056]:

...In particular, the Signature patent related to the management of mutual funds and, in particular, of such funds arranged in a "Hub and Spoke" configuration. This arrangement is a financial **construct** and, more specifically, an investment **structure** wherein a family of mutual funds (the Spokes) pool their assets into an investment portfolio (the Hub), thereby realizing economies of scale from administrative costs and beneficial tax consequences. In particular, this system provides **means for** a daily allocation of assets for the Spokes that are invested in the Hub. The system determines the percentage share that each Spoke maintains in the Hub, while taking into consideration daily changes in both the value of the Hub's investment securities (gains and losses) and the Hub's daily income and expenses. Thus, the system could determine not only the entire value of a Spoke mutual fund but also the price of a share of that fund.

...the similarities of the claimed invention of Signature to that recited by claim 30 of Applicant are clear. Both inventions relate to a method of managing mutual funds. The Signature invention allocates assets to each of the family of funds, i.e., the spoke, and determines the percentage share that each fund has in the assets of the pool, i.e., the Hub, dependent on both the value of each family fund and the expenses and income incurred in the operation of the of the asset's pool. Similarly in a § 101 sense, Applicant's invention as illustratively recited in claim 30 of this application relates to a financial **construct**, i.e., a method of assembling each security of a population into corresponding industry groups, each security being assigned to its industry group. Further, the value of the data element of each security is summed to provide an industry total and a universe total of the data element of each security of the population. Thus Applicant respectfully asserts that Applicant's financial **construct**, namely a plurality industry groups, where each group represents securities of a selected group, is a practical application in the § 101 sense. Further, Applicant's summing of the group total and the universe total produces a "useful, concrete and tangible result" in the same sense as explained in *State Street*. In particular, a monetary total or

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price is used to determine the content of each industry group. In view of the above reasons and noted authorities, Applicant respectfully asserts that all of the claims presented in this application are statutory as defined by 35 USA § 101. (Amdt. B, page 7, emphasis added)

The Examiner respectfully notes that the features upon which applicant attempts to rely (i.e., construct, structure, means for, etc.) are not recited in the rejected claims.

Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Applicant's conclusion is similarly flawed:

The [Ex. Note: *business*] **subject matter** recited in the above listed claims of Applicant is identical in a 101 sense to the [Ex. Note: *business*] **subject matter** of the Signature patent, which was at issue in *State Street* (Amdt. B, page 8, notes and emphasis added)

The Examiner respectfully notes that the **statutory subject matter** at issue in *State Street* was the language of the claims. As to 35 U.S.C. 101, Applicant's **claim language** is very different from the claims in the Signature patent. For example:

The Signature patent claims recite apparatus, structures and computers; the claims are directed to a **system**; the limitations contain **means for**² language and specifically recite technology. Applicant's claims are directed to **methods** and assiduously avoid any mention of technology, directly or indirectly. The *State Street* Court specifically noted the presence of claim language directed to technology and analyzed at length the language of the Signature patent claim:

When independent claim 1 is properly construed in accordance with Section 112, Para. 6, it is **directed to a machine**, as demonstrated below, where representative claim 1 is set forth, the subject matter in brackets stating the structure the written description discloses as corresponding to the respective "**means**" recited in the claims.

² "If one employs means plus function language in a claim, one must set forth in the specification an adequate disclosure showing what is meant by that language. If an applicant fails to set forth an adequate disclosure, the applicant has in effect failed to particularly point out and distinctly claim the invention as required by the second paragraph of section 112." *In re Donaldson Co.*, 16 F.3d 1189, 1195, 29 USPQ2d 1845, 1850 (Fed. Cir. 1994) (en banc).

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1. A data processing **system** for managing a financial services configuration of a portfolio established as a partnership, each partner being one of a plurality of funds, comprising:

- (a) computer processor **means** *[a personal computer including a CPU] for* processing data;
- (b) storage **means** *[a data disk] for* storing data on a storage medium;
- (c) first **means** *[an arithmetic logic circuit configured to prepare the data disk to magnetically store selected data] for* initializing the storage medium;
- (d) second **means** *[an arithmetic logic circuit configured to retrieve information from a specific file, calculate incremental increases or decreases based on specific input, allocate the results on a percentage basis, and store the output in a separate file] for* processing data regarding assets in the portfolio and each of the funds from a previous day and data regarding increases or decreases in each of the funds, *[sic, funds']* assets and **for** allocating the percentage share that each fund holds in the portfolio;
- (e) third **means** *[an arithmetic logic circuit configured to retrieve information from a specific file, calculate incremental increases and decreases based on specific input, allocate the results on a percentage basis and store the output in a separate file] for* processing data regarding daily incremental income, expenses, and net realized gain or loss for the portfolio and **for** allocating such data among each fund;
- (f) fourth **means** *[an arithmetic logic circuit configured to retrieve information from a specific file, calculate incremental increases and decreases based on specific input, allocate the results on a percentage basis and store the output in a separate file] for* processing data regarding daily net unrealized gain or loss for the portfolio and **for** allocating such data among each fund; and
- (g) fifth **means** *[an arithmetic logic circuit configured to retrieve information from specific files, calculate that information on an aggregate basis and store the output in a separate file] for* processing data regarding aggregate year-end income, expenses, and capital gain or loss **for** the portfolio and each of the funds.

Each claim component, recited as a "**means**" plus its function, is to be read, of course, pursuant to Section 112, Para. 6, as inclusive of the "equivalents" of the **structures** disclosed in the written description portion of the specification.. (*State Street*, at 1600, emphasis added).

As previously noted, Claims 8, 10-11, 13-35, 37-40, 42-47 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. While the term *data element* may be used to infer that the information is being provided using some type of electronic communication medium, the information could also be provided using a vocal medium (i.e. spoken) and is, therefore, directed to non-statutory subject matter. The Examiner respectfully recommends that Applicant amend the claims to clarify that the methods are using a medium within the technological arts, such as replacing "data element" with "electronic data element" or a specific medium such as the Internet, computer network, etc.

Claim Rejections - 35 USC § 102

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

An issue of public use or on sale activity has been raised in this application. In order for the examiner to properly consider patentability of the claimed invention under 35 U.S.C. 102(b), additional information regarding this issue is required as follows:

SEC Filings of 8 December 1998 refer to Prospectus and SAI information. This filing refers to advertisements, sales literature and other information distributed to the public, which are not included or described in the SEC Filing

SEC Filings of 4 March 1999 refer to a Prospectus and a SAI that are not included in the SEC Filing. Similarly, the 4 March 1999 filing discloses a number of documents that were available to the public and sales activity prior to 11 March 1999, a year before the effective filing date of this application. For example, page 14 refers to a list of industries and companies in the portfolio as of December 31, 1998. Similarly, This filing discloses that a Delaware trust was organized 13 December 1998. The filing also discloses various agreements bear dates in January and February 1999, more than 1 year prior to the effective filing date of this application.

Applicant is reminded that failure to fully reply to this requirement for information will result in a holding of abandonment.

Claim 30 is rejected under 35 U.S.C. 102(b) as being clearly anticipated by SEC filing.

As per claim 30, the SEC Filing discloses methods and steps of *allocating* an investment among a population of securities, each security having at least one corresponding data element. The SEC Filing discloses:

a) ***assigning*** each security of said population to a corresponding one industry group of a plurality of industry groups. See, for example, page 12, which states:

Value Line Investment Survey(R) classifies each company into an industry category on the basis of primary business activity.

b) ***summing*** said data element of each security of said population to provide an industry total of the data elements of each of said corresponding industry groups of a plurality and a universe total of the data elements of each security of the population. The SEC Filing aggregates (summing) common stockholders equity of all companies included within each industry [of the population of industries]. See, for example, page 12, which states:

The Strategy Model ranks the industries by aggregating common stockholders' equity of all companies included within each industry.

c) ***allocating*** an industry allocation to at least one industry group of said plurality [of industry groups]. See, for example, page 12, which discloses translating a percentage industry allocation into an industry allocation amount:

The common stockholders' equity ranking of each industry determines the percentage of the Fund's portfolio investment to be made in each industry.

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claims 35 and 37 are rejected under 35 U.S.C. 103(a) as being unpatentable over SEC filing of 4 December 1998.

As per claim 35, the SEC Filing discloses methods and steps for *allocating* an investment among a population of securities, each security of said population having at least one corresponding data element. For example, the SEC Filing discloses:

a) ***assigning*** each security of the population to a corresponding one industry group of a plurality of industry groups. See, for example, page 12, which states:

Value Line Investment Survey(R) classifies each company into an industry category on the basis of primary business activity.

b) ***summing*** the value [a data element] of each security of the one industry group to provide an industry total of the one industry group. The SEC Filing ranks the industries by aggregating (summing) common stockholders equity of all companies included within each industry [of the population of industries]:

The Strategy Model ranks the industries by aggregating common stockholders' equity of all companies included within each industry. [N-1A/A – 12th page of 68]

c) ***allocating*** an industry allocation to one or more securities of the one industry group.

The SEC Filing discloses, page 12,

The Strategy Model then selects for investment one or more companies which have the highest common stockholders' equity within each industry.

As per claim 35, the SEC Filing *does not* specifically disclose d) ***determining*** the magnitude of the industry total of the one industry and ***setting*** the number of securities in accordance with the magnitude of the industry total of the one industry group; e) if

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industry total < first limit **allocating** the industry allocation of the one industry group to at least one security of the one industry group, and if the industry total of the one industry group is greater than the first limit **allocating** the industry allocation to at least two securities of the one industry group.

As per claim 37, The SEC Filing does not specifically disclose if the industry allocation of the one industry group > a first limit, **allocating** the industry allocation of the one industry group among a first number of securities of the one industry group or if the industry allocation of the one industry group is > a second limit, **allocating** the industry allocation of the one industry group among a second number of securities of the one industry group, the second number being greater than the first number.

It is well known that particular companies have an overwhelming presence in some industry groups. For example, Microsoft in Computer Software industry. In such cases, it might make sense to invest an entire industry group allocation into the leading security. Where the difference among a first and second more runners-up is very slight, however, it may make more sense to spread an industry allocation among the top ranked set of securities.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to extend the SEC Filing to accommodate various scenarios such as when a particular company has an overwhelming presence in an industry group.

One of ordinary skill in the art at the time the invention was made would have been motivated to extend the SEC Filing to accommodate various scenarios such as when a particular company has an overwhelming presence in an industry group for the

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obvious reason that market, economic and industry-specific conditions fluctuate, perhaps according to cycles. For example, important risk considerations in allocating a fund may include “*bear markets*,” or “*bull markets*” or a decrease in value of a particular population of securities, or that companies may be experiencing financial difficulties.

Claims 38-39 are rejected under 35 U.S.C. 103(a) as being unpatentable over SEC filing of 4 December 1998.

As per claim 38, the SEC Filing discloses methods and steps for *allocating* an investment among a population of securities. For example, the SEC Filing discloses:

a) ***assigning*** each security of the population to a corresponding one industry group of a plurality of industry groups. See, for example, page 12, which states:

Value Line Investment Survey(R) classifies each company into an industry category on the basis of primary business activity.

b) ***summing*** the value [a data element] of each security of the one industry group to provide an industry total of the one industry group. The SEC Filing ranks the industries by aggregating (summing) common stockholders equity of all companies included within each industry [of the population of industries]:

The Strategy Model ranks the industries by aggregating common stockholders' equity of all companies included within each industry. [N-1A/A – 12th page of 68]

c) ***allocating*** an industry allocation to one or more securities of the one industry group. The SEC Filing discloses, page 12,

The Strategy Model then selects for investment one or more companies which have the highest common stockholders' equity within each industry.

Please note that the allocation to at least one security is done, as in Claim 38c, if the industry total < a first limit or not.

As per claim 38, the SEC Filing does not specifically disclose (e) **setting the first limit** to a given magnitude, whereby the industry allocation to any one security of the one industry group may not exceed the given magnitude.

However these differences are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited. The steps of assigning, summing, allocating would be performed the same regardless of having a first limit set to a given value whereby the industry allocation to any one security of the one industry group may not exceed the given magnitude. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to perform the steps of assigning, summing, and allocating with a first limit set to a given value whereby the industry allocation to any one security of the one industry group may not exceed the given magnitude because such data does not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

As in Claim 38(d), the SEC Filing does not specifically disclose, allocating an industry allocation to at least two securities if the industry total > a first limit. The SEC Filing does not specifically disclose, as in Claim 39, allocating the industry allocation to at least three securities if the industry total > second limit.

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It is well known that various industries make up substantive portions of an economy. The Petroleum industry makes up a large portion of our economy than Cable TV, for example. Under circumstances found in the Petroleum industry, it may well be sensible to invest an industry allocation to a greater number of companies that make up the industry group, perhaps Exxon, Mobil and Shell, to create a solid base of investments in the group. Where the industry is Cable TV, it may well be sensible to place the industry allocation into fewer companies, since the overall impact of the industry group and its companies may not play as great a significance in the economy as the companies found in the Petroleum industry.

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to expand the SEC Filing to disclose allocating an industry allocation to at least two securities if the industry total > a first limit (as in claim 39d) and allocating the industry allocation to at least three securities if the industry total > second limit (as in claim 39).

One of ordinary skill in the art at the time the invention was made would have been motivated to expand the SEC Filing to disclose allocating an industry allocation to at least two securities if the industry total > a first limit (as in claim 39d) and allocating the industry allocation to at least three securities if the industry total > second limit (as in claim 39) for the obvious reason that some industries play a greater role in our overall economy than others and it is important to manage risk by distributing funds accordingly.

As per claim 39, the SEC Filing does not specifically disclose "...said magnitude of said second limit being set to a magnitude equal to twice said given magnitude, whereby said industry allocation to any security of said one industry group may not exceed said given magnitude..."

However these differences are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited. The steps of assigning, summing, allocating and comparing would be performed the same regardless of "...said magnitude of said second limit being set to a magnitude equal to twice said given magnitude, whereby said industry allocation to any security of said one industry group may not exceed said given magnitude..." Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to perform the steps of assigning, summing, and allocating and comparing regardless of "...said magnitude of said second limit being set to a magnitude equal to twice said given magnitude, whereby said industry allocation to any security of said one industry group may not exceed said given magnitude..." because such data does not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

Claims 40 and 8 are rejected under 35 U.S.C. 103(a) as being unpatentable over SEC filing of 4 December 1998 in view of Applicant's prior art admissions.

As per claim 40, the SEC Filing discloses methods and steps for *allocating* an investment among a population of securities, each security having at least one corresponding data element. The SEC Filing discloses:

a) ***assigning*** each security of said population to a corresponding one industry group of a plurality of industry groups. See, for example, page 12, which states:

Value Line Investment Survey(R) classifies each company into an industry category on the basis of primary business activity.

b) ***summing*** said data element of each security of said population to provide an industry total of the data elements of each of said corresponding industry groups of a plurality and a universe total of the data elements of each security of the population. The SEC Filing aggregates (summing) common stockholders equity of all companies included within each industry [of the population of industries]. See, for example, page 12, which states:

The Strategy Model ranks the industries by aggregating common stockholders' equity of all companies included within each industry.

c) ***allocating*** an industry allocation to at least one industry group of said plurality [of industry groups]. See, for example, page 12, which translating a percentage industry allocation which is translated into an industry allocation amount:

The common stockholders' equity ranking of each industry determines the percentage of the Fund's portfolio investment to be made in each industry.

e) **accessing** a real time source of the current value of said data element of each security of said population and updating at selected times the values of said data elements of said securities of said population. See, for example, page 12, which states:

Companies that are listed in the Value Line Investment Survey® form the universe analyzed by ...

The SEC Filing **does not** specifically disclose that each security has at least one corresponding **updateable** data element.

However these differences are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited. The steps of assigning, summing, allocating, assigning [reiteratively], accessing and updating would be performed the same regardless of the data. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to perform the steps of assigning, summing, allocating, assigning [reiteratively], accessing and updating with any type of data and content because such data does not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

As per claim 40(d), the SEC Filing **does not** specifically disclose that the repeated step (d) of *assigning* on a periodic cycle the industry of the securities of each said plurality of industry groups at selected times. The SEC Filing **does not** specifically

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disclose step 40(f) **updating** on a periodic cycle the [data elements] of at least some of the securities of said population.³ Per applicant's admission, assigning and reassigning on a periodic cycle the industry of securities of each plurality of industry groups at selected times, (monthly and weekly, for example), and updating on a periodic cycle (monthly and weekly, for example) is old and well known and is done regularly by Value Line and Standard and Poors and Bloomberg. It would have been obvious to one of ordinary skill in the art at the time the invention was made to combine the SEC Filing with admitted prior art to disclose steps (d) and (f), as above.

One of ordinary skill in the art at the time the invention was made would have been motivated to combine the SEC Filing with admitted prior art to disclose steps (d) and (f), as above, for the obvious reason that market and economic conditions may fluctuate according to cycles. For example, important risk considerations may include "bear markets," or "bull markets" or a decrease in value of a particular population of securities, or that companies may be experiencing financial difficulties.

As per claim 40(d), the SEC Filing **does not** specifically disclose that the repeated step of *assigning* ... to accurately account for those securities which has changed their industry said plurality of securities are subdivided into a plurality of editions, each edition of said plurality [of editions?] is reassigned on a cycle that is staggered from the cycles of the other editions of said plurality [of editions?]

However these differences are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited. The steps of assigning,

³ See also rejection of claim 40 under **35 USC § 112 – First paragraph**

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summing, allocating, assigning [reiteratively], accessing and updating would be performed the same regardless of the data, or ... to accurately account for those securities which has changed their industry said plurality of securities are subdivided into a plurality of editions, each edition of said plurality [of editions?] is reassigned on a cycle that is staggered .from the cycles of the other editions of said plurality [of editions?]

This descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to perform the steps of assigning, summing, allocating, assigning [reiteratively], accessing and updating with any type of data ... to accurately account for those securities which has changed their industry said plurality of securities are subdivided into a plurality of editions, each edition of said plurality [of editions?] is reassigned on a cycle that is staggered .from the cycles of the other editions of said plurality [of editions?] because such data does not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

As per claim 8, the SEC Filing does not specifically disclose that update cycles may be of the same length.

However these differences are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited. The steps of assigning,

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summing, allocating, assigning [reiteratively], accessing and updating would be performed the same regardless of whether update cycles are of the same length. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to perform the steps of assigning, summing, allocating, assigning [reiteratively], accessing and updating with any type of data and content from external sources because such data does not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

Claims 44-46, 13-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over SEC filing of 4 December 1998 in view of Helping Employees.

As per claim 44, The SEC filing discloses methods of *allocating* an investment among a population of securities, each security of said population having at least one corresponding data element. The methods comprise steps of (a) **summing** a data element of each security of said population to provide an industry total of the data elements of each security of said population. The SEC Filing ranks the industries by aggregating (summing) common stockholders equity of all companies included within each industry [of the population of industries]:

The Strategy Model ranks the industries by aggregating common stockholders' equity of all companies included within each industry. [N-1A/A – 12th page of 68]

The SEC filing does not specifically refer to summing a data element of each security to provide a universe total. The universe total may be derived from the sum of the industry totals, since a whole (the universe total) is equal to the sum of its parts (each industry total).

As per claims 44(b) and 46, the SEC filing **does not** specifically refer to selecting a data element from a plurality of different kinds of data elements. It is well known that data elements may include common shareholders equity, net income, net revenue, net earnings and total assets, market capitalization. As applicant admits, page 5, lines 14-17 of his disclosures, publicly available data may be acquired, for example, electronically from the EDGAR database of the SEC for fundamental data elements like common shareholders equity, net income, net revenue, net earnings and total assets; a market data source such as Bloomberg may be used to provide market *capitalization* data. Helping Employees discloses selecting from various investment strategies, based on asset mixes to take advantage of professional investment strategies. An investment style is a short name for a strategy, ideology or theory that provides reasons for selection of securities. Examples of investment styles include Value investing (see SEC Filing, N-1A/AS, page 12 of 68).

██████ It would have been obvious to one of ordinary skill at the time the invention was made to combine the SEC Filing and Helping Employees to permit selection of any one data element from among a plurality of different kinds of data elements to produce particular styles of investing corresponding to the selected data element.

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One of ordinary skill at the time the invention was made would have been motivated to combine the SEC Filing and Helping Employees to permit selection of any one data element from among a plurality of different kinds of data elements to produce particular styles of investing corresponding to the selected data element for the obvious reason that by doing so, one is able to offer investors, such as employees, portfolio mixes to take advantage of professional investment strategies.

As per claim 45, the SEC filing discloses that the data element may be common shareholder equity:

The Strategy Model ranks the industries by aggregating (summing) common stockholders equity of all companies included within each industry [of the population of industries].
[N-1A/A · 12th Page of 68]

As per claim 13, the SEC filing discloses **ranking** securities of an industry group according to the magnitude of their data elements. See, for example, table ranking of companies according to a derived proportion, N-1A/A 13th Page of 68. See also N-1A/A 12th Page of 68, which states:

The Strategy Model selects for investment one or more companies which have the **highest** common stockholders equity within each industry."

The Strategy Model, in this way, creates, allocates and maintains a broadly diversified portfolio of companies which have the **highest common stockholders' equity of their respective industry**.

As per claim 14, the SEC filing discloses a step of **limiting** the security allocation to each security of said population so as not to exceed a set amount. For example, N-1A/A, Page 15 of 68, which states,

Under normal market conditions, at any given time, the Fund portfolio:

- will not have more than 14% of Fund portfolio assets in any one industry. [Examiner note: where an industry has only one company]
- Will not have more than 3% of Fund portfolio assets in any one company.

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As per claim 15, the SEC filing discloses that setting the limit of a security allocation is set as a proportion of said universe total:

The Fund ... Will not have more than 3% of Fund portfolio assets in any one company
[N-1A/A · 15th Page of 68]

Claims 42 and 43 are rejected under 35 U.S.C. 103(a) as being unpatentable over SEC filing of 4 December 1998.

As per claim 42, the SEC Filing discloses methods and steps for *allocating* an investment among a population of securities, each security of said population having at least one corresponding data element. For example, the SEC Filing discloses (a) **assigning** each security of the population to a corresponding one industry group of a plurality of industry groups. See, for example, page 12, which states:

Value Line Investment Survey(R) classifies each company into an industry category on the basis of primary business activity.

(b) **summing** the data element of each security of the population to provide an industry total of the data elements of each of the corresponding industry groups of the plurality and a universe total of the data elements of each security of the population. The SEC Filing ranks the industries by aggregating (summing) common stockholders equity of all companies included within each industry [of the population of industries]:

The Strategy Model ranks the industries by aggregating common stockholders' equity of all companies included within each industry. [N-1A/A – 12th page of 68]

(c) **allocating** an industry allocation to a plurality of securities of the one industry group. The SEC Filing discloses, page 12,

The Strategy Model then selects for investment one or more companies which have the highest common stockholders' equity within each industry.

By selecting to invest in more than one company, the SEC Filing discloses allocating an industry allocation to a plurality of securities within the industry group.

The SEC Filing discloses determining whether the data element of one of the plurality of securities of the one industry group is greater than the data element of another of the plurality of securities of the one industry group. The SEC Filing does this by ranking the securities by the data element of shareholder equity.

As per claim 42, the SEC Filing *does not* specifically disclose that if the data elements do not differ from each other by a predetermined amount, the industry allocation is allocated equally to the one and the other securities of the one industry group. As per claim 43, the SEC Filing *does not* specifically disclose that if the data elements differ from each other by more than a predetermined amount, the industry allocation is allocated only to the higher ranked of the securities.

It is well known that particular companies have an overwhelming presence in some industry groups. For example, Microsoft in Computer Software industry. In such cases, it might make sense to invest an entire industry group allocation into the leading security. Where the difference among a first and second more runners-up is very slight, however, it may make more sense to spread an industry allocation among the top ranked securities, perhaps evenly.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to extend the SEC Filing to accommodate various scenarios such as when a particular company has an overwhelming presence in an industry group.

One of ordinary skill in the art at the time the invention was made would have been motivated to extend the SEC Filing to accommodate various scenarios such as when a particular company has an overwhelming presence in an industry group for the obvious reason that market, economic and industry-specific conditions fluctuate, perhaps according to cycles. For example, important risk considerations in allocating a fund may include “*bear markets*,” or “*bull markets*” or a decrease in value of a particular population of securities, or that companies may be experiencing financial difficulties.

Claim 47 is rejected under 35 U.S.C. 103(a) as being unpatentable over SEC filing of 4 December 1998.

As per claim 47, the SEC Filing discloses methods and steps of *allocating* an investment among a population of securities, each security having at least one corresponding data element. For example, the SEC Filing discloses (a) ***assigning*** each security of said population to a corresponding one industry group of a plurality of industry groups. See, for example, page 12, which states:

Value Line Investment Survey(R) classifies each company into an industry category on the basis of primary business activity.

(b) ***summing*** said data element of each security of said population to provide an industry total of the data elements of each of said corresponding industry groups of said plurality and a universe total of the data elements of each security of said population. The SEC Filing ranks the industries by aggregating (summing) common stockholders equity of all companies included within each industry [of the population of industries]:

The Strategy Model ranks the industries by aggregating common stockholders' equity of all companies included within each industry. [N-1A/A – 12th page of 68]

The SEC filing **does not** specifically refer to summing a data element of each security to provide a universe total. The universe total may be derived from the sum of the industry totals, since a whole (the universe total) is equal to the sum of its parts (each industry total).

(c) **dividing** selectively an industry allocation into at least first and second parts. The SEC Filing discloses dividing an industry allocation into one or more companies with the highest equity within an industry. See, for example, page 12:

The Strategy Model then selects for investment one or more companies which have the highest common stockholders' equity within each industry.

By selecting to invest in more than one company, the SEC Filing divides an industry allocation into at least a first and second parts.

(d) **allocating** said first and second parts selectively among two of said corresponding securities of said one industry group having the largest data elements.

By selecting to invest in two companies, as in 47(d), above, (i.e., those one or more companies that have the highest equity within an industry group), the SEC Filing discloses that each of the first and second parts may be selectively allocated among the two corresponding securities of an industry group having the largest equity, for example.

The SEC Filing does not specifically disclose step (e) of **comparing** said first part to a set amount and, if less than or equal to said set amount, said first part is set equal to said set amount.

However these differences are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited. The steps of assigning,

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summing, dividing and allocating would be performed the same regardless of whether update cycles are of the same length. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, *see In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to perform the steps of assigning, summing, dividing and allocating with any type of data and content from external sources because such data does not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

Claims 10, 11, 16-27 28, 29, 31-34 are rejected under 35 U.S.C. 103(a) as being unpatentable over SEC filing of 4 December 1998 in view of Fox (US Patent 5,132,899).

The SEC Filing discloses the features of claims 30 and 47, including ranking securities, limiting a first part so as to not exceed a certain amount, **selecting** at least one security according to its ranking in an industry group, allocating an industry allocation to securities that are overwhelmingly represented in an industry group, determining the amount of the industry allocation for a selected one industry group as dependent on (a) the amount of the investment, (b) the amount of the industry total, (c) the amount of the universe total, as described above.

The SEC Filing *does not* specifically disclose setting an amount a proportion of the universe total, or a proportion of 2.25%, or as multiples of amounts and allocating industry group allocations accordingly, determining the amount of the industry allocation for a selected one industry group as the product of the investment and the industry total for the one industry group divided by the universe total, or allocating an industry allocation among (a) a selected one or more of the securities of the one industry group(b) all of the securities of the one industry group, (c) all of the securities of the one group proportionally to the magnitudes of each of the data elements of the securities of the one industry group according to ranges. Fox teaches allocating to securities next-in-line in an industry group according to statistical differences among the values of stock data elements. See, for example, Col. 5, line 54 to Col. 7, line 55.

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was filed to combine the SEC Filing and Fox to disclose various features such as: setting an amount a proportion of the universe total, or a proportion of 2.25%, or as multiples of amounts and allocating industry group allocations accordingly, determining the amount of the industry allocation for a selected one industry group as the product of the investment and the industry total for the one industry group divided by the universe total, or allocating an industry allocation among (a) a selected one or more of the securities of the one industry group(b) all of the securities of the one industry group, (c) all of the securities of the one group proportionally to the magnitudes of each of the data elements of the securities of the one industry group according to ranges.

One of ordinary skill in the art at the time the invention was filed would have been motivated to combine the SEC Filing and Fox to disclose features such as those mentioned above for the obvious reason that by doing so, one is able to offer investors, such as employees, portfolio mixes to take advantage of professional investment strategies. Similarly, some industries play a greater role in our overall economy than others and it is important to manage risk by distributing funds accordingly. In addition, market and economic conditions fluctuate according to cycles. For example, important risk considerations may include "*bear markets*," or "*bull markets*" or a decrease in value of a particular population of securities, or that companies may be experiencing financial difficulties.

It is *well known* that in periods where an industry is undergoing expansion, a fund manager might prefer to invest in several industry securities as an alternative to more traditional ways of holding uninvested fund assets. A manager may offer the account holder a set of alternative values having differing fixed sums or dates certain, each having the feature that the account holder achieves a spending flexibility service or an investment gain over other financial products, while the account manager is compensated for its financial product offering. Thus, Fox's guidelines and statistical deviation provide flexibility via analysis of related elements in a mix.

Response to Arguments

Applicant's arguments filed 30 June 2003 and 16 December 2003 have been fully and carefully considered but they are not persuasive.

Applicant's arguments with respect to Wolfberg have been considered but are moot in view of the new ground(s) of rejection and the introduction of a new reference.

Applicant argues that the references do not show a **set amount** and do not disclose

... dividing of the industry allocation into two parts, comparing one of the parts to a **set amount**, and if the one part is greater than the other, setting the one part equal to the **set amount**.
[Amendment of 12/16/03]

...Sixth, ... neither of those references disclose the recitations of independent claim 46 [sic], ... "comparing said first part to said **set amount** and, if less than or equal to said **set amount**, said first part is set equal to said **set amount**", which is not taught by either of these references....
[Amendment of 06/30/03, emphasis added]

In response to these arguments, the Examiner respectfully notes that the term **set amount** is found only in the claims as originally filed, where **set amount** was specifically defined as a derived value, calculated as a proportion of a fund total. This aspect of a **set amount** is absent from the most recent set of claims 14, 47, 16, 17, 19, 23-27.⁴ The SEC filing specifically states that the fund portfolio will not have more than 3% of its assets in any one company, thereby meeting the limitation as originally disclosed and claimed. The Examiner notes that the SEC Filing would determine not to have more than a proportion (3%) of its fund total assets in any one company only by

- (a) calculating a **set amount** equal to 3 percent times the value of a fund total,
- (b) comparing the value of the derived **set amount** against the value of assets allocated in the security of a particular company in a particular industry group,

⁴ See rejection of these claims under first paragraph of 112, above.

(c) if the value of assets in the one security or a particular industry group is greater than or equal to the derived set amount, the SEC filing discloses that the particular security will not receive an allocation.

Applicant's reliance on Fig. 4 and its description is misplaced, since step 66, upon which applicant relies, is executed only if the condition in decision block 64 is met, i.e., "is 98% of the data item of the largest greater than the next closest company?"⁵ As noted above, the **set amount** originally disclosed in the claims as filed is a derived value, calculated as a proportion of a fund total.

Prior Art Citations

Applicant argues that the Examiner has failed [to] apply prior art to particular claim recitations. Applicant states

...the Examiner has characterized the teaching of the prior art at length... The only mapping of a prior art teaching is made to claims ... Thus the Examiner has failed to create that record which shows how the prior art is applied to all of claims presented in this application in a manner that would satisfy the substantial evidence standard of the Administrative Procedures Act⁶ ... failure to: 1) show that all of the claims' recitation are met by the applied references; and 2) map the applied references to each of the rejected claims. (Amdt B, page 20)

In response to this argument, the Examiner respectfully notes that he cites particular columns and line numbers in the references as applied to the claims for the convenience of the applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested that, in preparing responses, the applicant fully consider the references in entirety as potentially

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teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the examiner.

Notes concerning Official Notice and Traverse

A "traverse" is a denial of an opposing party's allegations of fact.⁷ The Examiner respectfully submits that applicants' arguments and comments do not traverse what Examiner regards as knowledge that would have been generally available to one of ordinary skill in the art at the time the invention was made.

The Examiner respectfully submits that a number of applicant's statements are not substantive arguments against the Examiner's rejection. For example:

In the admitted absence of any teaching of this recitation based on ... the Examiner at page of 20 of the outstanding Office Action takes in effect official notice of such recitation in the prior art base based upon a motivation to support investment in such funds. Applicant respectfully challenges and traverses such notice because it does not comply with Section 2144.03 of the MPEP. First as provided for in the MPEP, this teaching is not "capable of instant and unquestionable demonstration as being well known". Further Applicant's rational [sic] for evenly splitting the allocation among the securities of equal size is to render the allocation more accurate, which differs substantially the Examiner's rational. [sic] Thus, Applicant respectfully traverses the Examiner's taking of official notice and requests the Examiner to cite a references [sic] that fully shows the recitations of claims 42 and 43.] Amendment A

At page 13 of the outstanding Office Action, the Examiner takes notice of these recitations. Relying upon the MPEP as detailed above, Applicant respectfully traverses and challenges said notice and requests that the Examiner site a reference to support his notice. Amendment A

In the absence of any teaching of this recitation by either ... the Examiner in the outstanding Office Action takes in effect official notice of such recitation in the prior art base. Applicant respectfully challenges and traverses such notice because it does not comply with § 2144.03 of the MPEP. First as provided for in the MPEP, this teaching is not "capable of instant and unquestionable demonstration as being well known". Thus, Applicant respectfully traverses the Examiner's taking of official notice and requests the

⁵ This question may be alternately posed as "is the difference between the values of a first and second security is less than or equal to 2.0%."

⁶ Applicant's multiple references to the APA and case law fail to cite specific support for this allegation.

⁷ Definition of Traverse, Black's Law Dictionary, "In common law pleading, a traverse signifies a denial."

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Examiner to cite a references [sic] that fully shows the recitations of claims 42 and 43. (Amendment B, page 22)

In the absence of such teaching, it is apparent that the Examiner is taking notice of these recitations. Relying upon the MPEP as detailed above, Applicant respectfully **traverses** and challenges said notice and requests that the Examiner site a reference to support his notice. (Amendment B, page 22).

Further, applicants' arguments and comments are not adequate traverse because applicant has not specifically pointed out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. 27 CFR 1.104(d)(2), MPEP 707.07(a). An adequate traverse must contain adequate information or argument to create on its face a reasonable doubt regarding circumstances justifying Examiner's notice of what is well known to one of ordinary skill in the art. In re Boon, 439 F.2d 724, 728, 169 USPQ 231, 234 (CCPA1971).

If applicant does not seasonably traverse the well known statement during examination, then the object of the well known statement is taken to be admitted prior art. In re Chevenard, 139 F.2d 71, 60 USPQ 239 (CCPA 1943). MPEP 2144.03 Reliance on Common Knowledge in the Art or "Well Known" Prior Art. In view of applicant's failure to adequately traverse official notice, the following are admitted prior art:

- ...a fund manager has fiduciary responsibilities to investors. These responsibilities include that he perform all or some of the following: re-evaluate, re-assign, re-calculate (including by sum or other arithmetic process), re-allocate, re-compare. A fund manager's success depends upon reiterative analysis and evaluation of a universe of mixed assets to maximize returns on investment. Office Action, page 23-24.
- It would have been obvious to one of ordinary skill in the art to include the concept of spending flexibility guidelines to allow a human fund manager or a computer program to control associated asset mixes within investment guidelines. Office Action, page 25.

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- A fund manager may apply human instinct and personal skills where a computer program would be unable to do so. A human manager may apply skills learned at business schools and in interactions with other experts to better guide and fine tune automated processes. It is well known that in periods where an industry is undergoing expansion, a fund manager might prefer to invest in several industry securities as an alternative to more traditional ways of holding uninvested fund assets. A manager may offer the account holder a set of alternative values having differing fixed sums or dates certain, each having the feature that the account holder achieves a spending flexibility service or an investment gain over other financial products, while the account manager is compensated for its financial product offering (Office Action, pages 26-27)
- ... per applicant's admission, one can use Publicly available data from the EDGAR database of the SEC for fundamental data elements like common shareholders equity, net income, net revenue, net earnings and total assets, and for BLOOMBERG® for market capitalization (Final, page 18)
- A person of ordinary skill in the art at the time the invention was made would have known to allow a set of industries securities to react to market conditions within a limited money range and not produce an overall effect in excel of their weight to the portfolio universe.
- The percent established allows a rising industry security to achieve controlled growth and also to receive assistance should it be found that a greater amount of money invested in the particular security would bring a proportionately greater return on investment. FAOM page 13
- It would have been obvious to include a method to further include setting a least and first and second limits as different multiples of a set amount. Such as for where securities are available as bulk purchases.
- While some funds invest solely on corporate stock, other funds may be more willing to invest in company issued debentures or government bonds.
- Based on modified asset mix, assets in a fund are bought on the open market to conform to a strategic asset mix. New investments coming into a fund (cash, contributions, electronic funds are also allocatable according to a strategic asset mix. The strategic investment component can be repeated in order to process a plurality of funds. Strategic asset class weights are used to determine tactical investment strategy. The percent can be modified as desired, the tactical investment component can be repeated in order to process a plurality of funds. FAOM, page 15

SEC filing is a printed publication⁸

The Examiner encloses exhibits to show several indices that were available at the SEC in 1998, at the time prior to applicant's filings. The document is referred to as 09_624732_EDGAR_screens.doc. The purpose of this document is to show that

⁸ In response to arguments found in SEC Filing is Not a Printed Publication Amendment of 30 June 2003.

applicant's SEC Filings were published and accessible at least one year prior to the effective filing date of this application. The materials were retrieved from the Internet on 19 November 2003.

Page 1 shows a list of web pages and dates for the SEC web site, as found on **www.archive.org**.

Page 2 shows the page for EDGAR at the SEC as of 17 January 1999. Please note the date of last update at the bottom of the page: 28 December 1998.

Page 3 shows General Information on the EDGAR Database.

Page 4 shows Important Information About EDGAR Database. Last Update: 27 October 1997.

Page 5 shows search instructions for EDGAR, as they appeared on 17 January 1999. Please note the date of last update: 28 December 1998.

Page 6 shows Example of EDGAR Header Information, dated 8 May 1999. Please note the date of last update as 6 January 1999.

Page 7 shows customized forms selection, where one may enter information as in the Header of page 4. Last update: 23 October 1998.

Pages 8-16 are a Guide to Corporate Filings. Please note last update of 23 October 1996. Of particular importance to applicant's SEC Filings are page 11, Investment Company Registration Statements. This portion discloses the presence of forms N-1A, and others that may be available for mutual funds such as applicant's.

Similarly, the Examiner respectfully notes that materials not provided by applicant but which are relevant to this examination include materials found in other SEC Filings,

such as the SEC Filing of 4 March 1999. See, for example, Exhibit A, a list of companies included in applicant's invention as of 31 December 1998, more than 1 year prior to applicant's effective filing date of 11 February 1999. Applicant's filings before the SEC are sworn statements and as such are legal evidence. A copy of pages 1, 27-30 of the SEC Filing of 4 March 1999 is provided for applicant's convenience. The document was retrieved from the Internet on 30 August 2001.

Applicant's Affidavit concerning search for SEC filing

Applicant argues that his sworn statements before the SEC are not available as prior art in that the documents are not printed publications. Applicant purports to prove this by presenting an affidavit under 1.132 that claims that an attorney was unable to locate the SEC filing by using the terms *mutual funds allocation allocate industry process one at a time* in each of a number of search engines (emphasis added). The Examiner respectfully notes that applicant's search would be greatly facilitated by **not** searching for each word ***one at a time***. The Examiner respectfully suggests the use of Boolean and proximity operators, as well as date ranges in his searches for the words, alone or in combination with each other.⁹ The Examiner respectfully submits that this approach would be more consistent with searches that might be conducted by persons concerned with the art to which the document relates. The searches would produce fewer, and more relevant, hits than the 1891 documents found by applicant's attorney.

⁹ The Examiner respectfully notes that these same suggestions were part of the text that included suggested search terms: "...is searchable at least by text and Boolean operators. Search terms may include words such as *mutual, funds, stock, allocation, allocate, industry, percent, etc.* One may also enter parameters such as *dates...*".

Also, please refer to document 09_624732_EDGAR_screens.doc, described above. Therefore, applicant's affidavit and arguments concerning his inability to find his sworn statements filed with the SEC are not persuasive.

Access to Examiner Search Information

Applicant's comments concerning lack of access to details of the Examiner's searches are not persuasive. Consistent with guidelines, all materials are available with the application file. The Examiner respectfully notes that MPEP 100 provides guidelines concerning access to a pending application and materials contained therein.

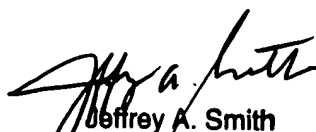
Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to James H Zurita whose telephone number is 703-605-4966. The examiner can normally be reached on 8a-5pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jeffrey A. Smith can be reached on 703-308-3588. The fax phone number for the organization where this application or proceeding is assigned is (703) 872-9306.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-306-1113.

 **James Zurita**
Patent Examiner
Art Unit 3625
20 December 2003


Jeffrey A. Smith
Primary Examiner